



General Assembly

January Session, 2015

**Committee Bill No. 9**

LCO No. 1064



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:  
(INS)

**AN ACT CONCERNING THE RATE APPROVAL PROCESS FOR  
CERTAIN HEALTH INSURANCE POLICIES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsections (a) to (c), inclusive, of section 38a-481 of the  
2 general statutes are repealed and the following is substituted in lieu  
3 thereof (*Effective January 1, 2016*):

4 (a) No individual health insurance policy shall be delivered or  
5 issued for delivery to any person in this state, nor shall any  
6 application, rider or endorsement be used in connection with such  
7 policy, until a copy of the form thereof and of the classification of risks  
8 and the premium rates have been filed with the commissioner. Rate  
9 filings shall include an actuarial memorandum that includes, but is not  
10 limited to, pricing assumptions and claims experience, premium rates  
11 and loss ratios from the inception of the policy. The commissioner shall  
12 adopt regulations, in accordance with chapter 54, to establish a  
13 procedure for reviewing such policies. The commissioner shall  
14 disapprove the use of such form at any time if it does not comply with  
15 the requirements of law, or if it contains a provision or provisions  
16 [which] that are unfair or deceptive or [which] that encourage

17 misrepresentation of the policy. The commissioner shall notify, in  
18 writing, the insurer [which] that has filed any such form of the  
19 commissioner's disapproval, specifying the reasons for disapproval,  
20 and ordering that no such insurer shall deliver or issue for delivery to  
21 any person in this state a policy on or containing such form. The  
22 provisions of section 38a-19 shall apply to such orders.

23 (b) (1) No rate filed under the provisions of subsection (a) of this  
24 section shall be effective until it has been [filed and] approved by the  
25 commissioner in accordance with regulations adopted pursuant to this  
26 subsection or as provided under subdivision (2) of this subsection. The  
27 commissioner shall adopt regulations, in accordance with the  
28 provisions of chapter 54, to prescribe standards to ensure that such  
29 rates shall not be excessive, inadequate or unfairly discriminatory, as  
30 described in section 6 of this act. [The commissioner may disapprove  
31 such rate within thirty days after it has been filed if it fails to comply  
32 with such standards, except that no rate filed under the provisions of  
33 subsection (a) of this section for any Medicare supplement policy shall  
34 be effective unless approved in accordance with section 38a-474.]

35 (2) Any rate filed under the provisions of subsection (a) of this  
36 section for health insurance that provides coverage of the type  
37 specified in subdivisions (1), (2), (4), (11) and (12) of section 38a-469  
38 shall be approved in accordance with section 6 of this act.

39 (c) (1) No rate filed under the provisions of subsection (a) of this  
40 section for any Medicare supplement policy shall be effective unless  
41 approved in accordance with section 38a-474.

42 [(c)] (2) No insurance company, fraternal benefit society, hospital  
43 service corporation, medical service corporation, health care center or  
44 other entity [which] that delivers or issues for delivery in this state any  
45 Medicare supplement policies or certificates shall incorporate in its  
46 rates or determinations to grant coverage for Medicare supplement  
47 insurance policies or certificates any factors or values based on the age,  
48 gender, previous claims history or the medical condition of any person

49 covered by such policy or certificate.

50 Sec. 2. Section 38a-513 of the general statutes is repealed and the  
51 following is substituted in lieu thereof (*Effective January 1, 2016*):

52 (a) No group health insurance policy, as defined by the  
53 commissioner, or certificate shall be [issued or] delivered or issued for  
54 delivery in this state unless a copy of the form for such policy or  
55 certificate has been submitted to and approved by the commissioner  
56 [under the regulations adopted pursuant to this section] and the  
57 classification of risks and the premium rates have been filed with the  
58 commissioner. The commissioner shall adopt regulations, in  
59 accordance with the provisions of chapter 54, concerning the  
60 provisions, submission and approval, other than as provided under  
61 subdivision (2) of subsection (b) of this section, of such policies and  
62 certificates and establishing a procedure for reviewing such policies  
63 and certificates. If the commissioner issues an order disapproving the  
64 use of such form, the provisions of section 38a-19 shall apply to such  
65 order.

66 (b) (1) No rate filed under the provisions of subsection (a) of this  
67 section shall be effective until it has been approved by the  
68 commissioner in accordance with regulations adopted pursuant to this  
69 subsection or as provided under subdivision (2) of this subsection. The  
70 commissioner shall adopt regulations, in accordance with the  
71 provisions of chapter 54, to prescribe standards to ensure that such  
72 rates shall not be excessive, inadequate or unfairly discriminatory, as  
73 described in section 6 of this act.

74 (2) Any rate filed under the provisions of subsection (a) of this  
75 section for a small employer group health insurance policy that  
76 provides coverage of the type specified in subdivisions (1), (2), (4), (11)  
77 and (12) of section 38a-469 shall be approved in accordance with  
78 section 6 of this act.

79 ~~[(b)]~~ (c) No insurance company, fraternal benefit society, hospital

80 service corporation, medical service corporation, health care center or  
81 other entity [which] that delivers or issues for delivery in this state any  
82 Medicare supplement policies or certificates shall incorporate in its  
83 rates or determinations to grant coverage for Medicare supplement  
84 insurance policies or certificates any factors or values based on the age,  
85 gender, previous claims history or the medical condition of any person  
86 covered by such policy or certificate.

87 [(c)] (d) Nothing in this chapter shall preclude the issuance of a  
88 group health insurance policy that includes an optional life insurance  
89 rider, provided the optional life insurance rider shall be filed with and  
90 approved by the Insurance Commissioner pursuant to section 38a-430.  
91 Any company offering such policies for sale in this state shall be  
92 licensed to sell life insurance in this state pursuant to the provisions of  
93 section 38a-41.

94 [(d)] (e) Not later than January 1, 2009, the commissioner shall adopt  
95 regulations, in accordance with chapter 54, to establish minimum  
96 standards for benefits in group specified disease policies, certificates,  
97 riders, endorsements and benefits.

98 Sec. 3. Subsection (a) of section 38a-183 of the general statutes is  
99 repealed and the following is substituted in lieu thereof (*Effective*  
100 *January 1, 2016*):

101 (a) A health care center governed by sections 38a-175 to 38a-192,  
102 inclusive, shall not enter into any agreement with subscribers unless  
103 and until it has filed with the commissioner a full schedule of the  
104 amounts to be paid by the subscribers and has obtained the  
105 commissioner's approval [thereof] in accordance with section 6 of this  
106 act. The commissioner [may refuse such approval if he finds such  
107 amounts to] shall adopt regulations, in accordance with the provisions  
108 of chapter 54, to prescribe standards to ensure that such amounts shall  
109 not be excessive, inadequate or discriminatory, as described in section  
110 6 of this act. Each such health care center shall not enter into any  
111 agreement with subscribers unless and until it has filed with the

112 commissioner a copy of such agreement or agreements, including all  
113 riders and endorsements thereon, and until the commissioner's  
114 approval thereof has been obtained. The commissioner shall, within a  
115 reasonable time after the filing of any request for an approval of [the  
116 amounts to be paid,] any agreement or any form, notify the health care  
117 center of [either his] the commissioner's approval or disapproval  
118 thereof.

119 Sec. 4. Section 38a-208 of the general statutes is repealed and the  
120 following is substituted in lieu thereof (*Effective January 1, 2016*):

121 No such corporation shall enter into any contract with subscribers  
122 unless and until it has filed with the Insurance Commissioner a full  
123 schedule of the rates to be paid by the subscribers and has obtained  
124 said commissioner's approval [thereof] in accordance with section 6 of  
125 this act. The commissioner [may refuse such approval if he finds such  
126 rates to] shall adopt regulations, in accordance with the provisions of  
127 chapter 54, to prescribe standards to ensure that such amounts shall  
128 not be excessive, inadequate or discriminatory, as described in section  
129 6 of this act. No hospital service corporation shall enter into any  
130 contract with subscribers unless and until it has filed with the  
131 Insurance Commissioner a copy of such contract, including all riders  
132 and endorsements thereof, and until said commissioner's approval  
133 thereof has been obtained. The Insurance Commissioner shall, within a  
134 reasonable time after the filing of any such form, notify such  
135 corporation [either of his] of the commissioner's approval or  
136 disapproval thereof.

137 Sec. 5. Section 38a-218 of the general statutes is repealed and the  
138 following is substituted in lieu thereof (*Effective January 1, 2016*):

139 No such medical service corporation shall enter into any contract  
140 with subscribers unless and until it has filed with the Insurance  
141 Commissioner a full schedule of the rates to be paid by the subscriber  
142 and has obtained said commissioner's approval [thereof] in accordance  
143 with section 6 of this act. The commissioner [may refuse such approval

144 if he finds such rates are] shall adopt regulations, in accordance with  
145 the provisions of chapter 54, to prescribe standards to ensure that such  
146 amounts shall not be excessive, inadequate or discriminatory, as  
147 described in section 6 of this act. No such medical service corporation  
148 shall enter into any contract with subscribers unless and until it has  
149 filed with the Insurance Commissioner a copy of such contract,  
150 including all riders and endorsements thereof, and until said  
151 commissioner's approval thereof has been obtained. The Insurance  
152 Commissioner shall, within a reasonable time after the filing of any  
153 such form, notify such corporation [either of his] of the commissioner's  
154 approval or disapproval thereof.

155       Sec. 6. (NEW) (*Effective January 1, 2016*) (a) (1) With respect to a  
156 health insurance policy, agreement or contract that provides coverage  
157 of the type specified in subdivisions (1), (2), (4), (11) and (12) of section  
158 38a-469 of the general statutes, any (A) rate filed for such policy  
159 pursuant to section 38a-481 of the general statutes, as amended by this  
160 act, (B) rate filed for such policy pursuant to section 38a-513 of the  
161 general statutes, as amended by this act, (C) schedule of amounts filed  
162 for such agreement pursuant to section 38a-183 of the general statutes,  
163 as amended by this act, (D) schedule of rates filed for such contract  
164 pursuant to section 38a-208 of the general statutes, as amended by this  
165 act, or (E) schedule of rates filed for such contract pursuant to section  
166 38a-218 of the general statutes, as amended by this act, on or after  
167 January 1, 2016, shall be filed not later than one hundred twenty  
168 calendar days prior to the proposed effective date of such rates or  
169 amounts.

170       (2) Each filer making a rate or amount filing pursuant to this  
171 subsection shall:

172       (A) On the date the filer submits such rate or amount filing to the  
173 Insurance Commissioner, clearly and conspicuously disclose to its  
174 insureds or subscribers, in writing and in such form as the  
175 commissioner may prescribe: (i) The proposed general rate or amount

176 increase and the dollar amount by which an insured's or subscriber's  
177 policy or agreement will increase, including any increase because of  
178 the insured's or subscriber's age or change in age rating classification  
179 and the percentage increase or decrease of the proposed rate or  
180 amount from the current rate or amount; (ii) a statement that the  
181 proposed rate or amount is subject to Insurance Department review  
182 and approval; and (iii) detailed information on the insured's right to  
183 submit public comment to the Insurance Department, including the  
184 Internet web site, mailing address and phone number of said  
185 department and instructions on how to submit comments to the  
186 department; and

187 (B) Include with its rate or amount filing an actuarial memorandum,  
188 certified by a qualified actuary, as defined in section 38a-78 of the  
189 general statutes, that to the best of such actuary's knowledge, (i) such  
190 rate or amount filing is in compliance with law, and (ii) the rate or  
191 amount filing is not excessive, as described in this section.

192 (3) (A) Notwithstanding the provisions of section 38a-69a of the  
193 general statutes, the Insurance Department shall post on its Internet  
194 web site all documents, materials and other information provided to or  
195 requested by the department in relation to a rate or amount filing  
196 made pursuant to this subsection, including, but not limited to,  
197 financial reports, financial statements, actuarial reports and actuarial  
198 memoranda. The rate or amount filing and the documents, materials  
199 and other information shall be posted not later than three business  
200 days after the department receives such filing, and such posting shall  
201 be updated to include any correspondence between the department  
202 and the filer.

203 (B) The department shall provide for a written public comment  
204 period of thirty calendar days following the posting of such filing. The  
205 department shall include in such posting the date the public comment  
206 period closes and instructions on how to submit comments to the  
207 department.

208 (b) Except where a symposium is required under subsection (d) of  
209 this section, the commissioner shall issue a written decision approving,  
210 disapproving or modifying a rate or amount filing not later than forty-  
211 five days after such filing was made. Such decision shall specify all  
212 factors used to reach such decision and shall be posted on the Internet  
213 web site of the Insurance Department not later than two business days  
214 after the commissioner issues such decision.

215 (c) The commissioner shall not approve a rate or amount filing  
216 made under this section if it is excessive, inadequate or unfairly  
217 discriminatory. The commissioner shall conduct an actuarial review to  
218 determine if the methodology and assumptions used to develop the  
219 rate or amount filing are actuarially sound and in compliance with the  
220 Actuarial Standards of Practice issued by the Actuarial Standards  
221 Board.

222 (1) A rate or amount is excessive if it is unreasonably high for the  
223 insurance provided in relation to the underlying risks and costs after  
224 due consideration to (A) the experience of the filer; (B) the past and  
225 projected costs of the filer including amounts paid and to be paid for  
226 commissions; (C) any transfers of funds to the holding or parent  
227 company, subsidiary or affiliate of the filer; (D) the filer's rate of return  
228 on assets or profitability, as compared to similar filers; (E) a reasonable  
229 margin for profit and contingencies; (F) any public comments received  
230 on such filing; and (G) other factors the commissioner deems relevant.

231 (2) A rate or amount is inadequate if it is unreasonably low for the  
232 insurance provided in relation to the underlying risks and costs and  
233 continued use of such rate or amount would endanger solvency of the  
234 filer.

235 (3) A rate or amount is unfairly discriminatory if the premium  
236 charged for any classification is not reasonably related to the  
237 underlying risks and costs, such that different premiums result for  
238 insureds with similar risks and costs.

239 (d) (1) With respect to a health insurance policy, agreement or  
240 contract that provides coverage of the type specified in subdivisions  
241 (1), (2), (4), (11) and (12) of section 38a-469 of the general statutes, if (A)  
242 a rate, schedule of amounts or schedule of rates filed pursuant to  
243 subdivision (1) of subsection (a) of this section is for more than a ten  
244 per cent increase in such rate or amount, and (B) the Healthcare  
245 Advocate or the Attorney General requests, not later than five business  
246 days after such rate or amount filing has been posted on the Internet  
247 web site of the Insurance Department, a symposium on such rate or  
248 amount filing, the commissioner shall, not later than five business days  
249 after the receipt of such request, set a symposium date and post the  
250 date, place and time of the symposium in a conspicuous place on the  
251 Internet web site of said department. The commissioner shall not be  
252 required to hold more than ten symposiums pursuant to this  
253 subdivision in a calendar year.

254 (2) (A) Such symposium shall be held not later than ninety calendar  
255 days prior to the proposed effective date of such rate or amount, at a  
256 place and time that is convenient to the public.

257 (B) Such symposium shall be conducted in accordance with section  
258 7 of this act and shall not be deemed to be a contested case for  
259 purposes of chapter 54 of the general statutes.

260 (3) Upon setting the date, place and time of the symposium on the  
261 proposed rate or amount, the commissioner shall immediately notify  
262 the filer of the date, place and time of the symposium.

263 (4) Not later than thirty calendar days after the symposium, the  
264 commissioner shall issue a written decision approving, disapproving  
265 or modifying the rate or amount filing. Such decision shall specify all  
266 factors used to reach such decision and shall be posted on the Internet  
267 web site of the Insurance Department not later than two business days  
268 after the commissioner issues such decision.

269 (e) (1) If the Insurance Commissioner issues a decision to approve or

270 modify a rate or amount filing made pursuant to subsection (a) of this  
271 section, the filer shall provide written notice to each insured or  
272 subscriber by first class mail that states (A) the approved rate or  
273 amount for the insured's or subscriber's policy or agreement, (B) any  
274 increase in the rate or amount due to the insured's or subscriber's age  
275 or change in age rating classification, and (C) the percentage increase  
276 or decrease of the approved rate from the current rate of the insured or  
277 subscriber.

278 (2) No such rate or amount shall be effective until thirty calendar  
279 days after the notice has been sent by the filer as set forth in  
280 subdivision (1) of this subsection or the effective date proposed under  
281 subdivision (1) of subsection (a) of this section, whichever is later.

282 (f) Each insurance company, health care center, hospital service  
283 corporation or medical service corporation subject to the provisions of  
284 this section shall disclose in writing to a prospective customer of a  
285 policy or agreement that may be affected by a rate or amount filing  
286 made pursuant to this section, (1) that the rate or amount of such  
287 policy or agreement is under review by the Insurance Department, and  
288 (2) the proposed increase or decrease in the rate or amount of such  
289 policy or agreement.

290 (g) Each insurance company, health care center, hospital service  
291 corporation or medical service corporation subject to the provisions of  
292 this section shall retain records of all earned premiums and incurred  
293 benefits per calendar year for each policy or agreement for which a  
294 rate or amount filing is made pursuant to this section. Such records  
295 shall be retained for not less than seven years after the date each such  
296 filing is made and shall include records for any rider or endorsement  
297 used in connection with such policy or agreement.

298 (h) The Insurance Department shall retain all records of any rate or  
299 amount filing made pursuant to this section for not less than seven  
300 years after such filing was approved, disapproved or modified.

301       Sec. 7. (NEW) (*Effective January 1, 2016*) (a) Each symposium held  
302 pursuant to section 6 of this act shall include an opportunity for public  
303 participation. The Healthcare Advocate or the Attorney General, or  
304 both, shall be allowed to present evidence and information at such  
305 symposium and each shall be allowed to present a closing argument in  
306 support of his or her position.

307       (b) The Insurance Commissioner shall assist the Healthcare  
308 Advocate or the Attorney General, or both, to obtain from the  
309 Insurance Department or the filer documents or materials related to  
310 the subject matter of the filing that are not readily available from the  
311 Insurance Department's Internet web site, provided such documents or  
312 materials are not confidential or prohibited to be disclosed by law.

313       (c) In making a decision to approve, disapprove or modify a rate or  
314 amount filing made pursuant to subsection (a) of this section, the  
315 commissioner shall consider any oral and written comments made or  
316 submitted at such symposium and any written public comments  
317 submitted pursuant to subparagraph (B) of subdivision (3) of  
318 subsection (a) of section 6 of this act.

319       Sec. 8. (NEW) (*Effective January 1, 2016*) Not later than January  
320 thirty-first, annually, the Insurance Department shall submit a report  
321 to the joint standing committee of the General Assembly having  
322 cognizance of matters relating to insurance that lists all rates filed  
323 pursuant to section 38a-481 or 38a-513 of the general statutes, as  
324 amended by this act, schedule of amounts filed pursuant to section  
325 38a-183 of the general statutes, as amended by this act, and schedule of  
326 rates filed pursuant to section 38a-208 or 38a-218 of the general  
327 statutes, as amended by this act, for health insurance policies,  
328 agreements or contracts that provide coverage of the type specified in  
329 subdivisions (1), (2), (4), (11) and (12) of section 38a-469 of the general  
330 statutes, in the calendar year immediately preceding. Such report shall  
331 include the name of the filer, the per cent increase or decrease of such  
332 rate of amount filing, the per cent increase or decrease approved by the

333 Insurance Department, the market segment and the product type.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2016</i>	38a-481(a) to (c)
Sec. 2	<i>January 1, 2016</i>	38a-513
Sec. 3	<i>January 1, 2016</i>	38a-183(a)
Sec. 4	<i>January 1, 2016</i>	38a-208
Sec. 5	<i>January 1, 2016</i>	38a-218
Sec. 6	<i>January 1, 2016</i>	New section
Sec. 7	<i>January 1, 2016</i>	New section
Sec. 8	<i>January 1, 2016</i>	New section

**Statement of Purpose:**

To establish procedures for the approval of rate or amount filings for certain health insurance policies.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*

Co-Sponsors: SEN. CRISCO, 17th Dist.

S.B. 9